

FLOW CAPITAL CORP.

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Flow Capital Corp. ("Flow Capital" or the "Company")
1 Adelaide Street East, Suite 3002, PO Box 171
Toronto, Ontario M5C 2V9

2. Date of Material Change

August 6, 2021

3. News Release

A news release was issued and disseminated by Flow Capital on August 6, 2021 and filed on SEDAR.

4. Summary of Material Change

The Company announced that it had completed a redemption of C\$3.6 million ("Redemption Amount") and has raised an additional US\$2.8 million ("Investment Amount"), against the issuance of Class G Units ("Transaction") in its Flow Priority Return Fund II LP ("Fund II").

5. Full Description of Material Change

5.1 Full Description of Material Change

Under the Transaction, a collection of institutional and high net worth investors subscribed for Class G senior units of Fund II. A majority of the existing LP investors opted to reinvest their share of the Redemption Amount and several also opted to top-up their investment. In exchange for the Investment Amount, the Company has granted to Fund II a royalty interest in 7 of the Company's existing investments (the "Underlying Royalty Contracts"). In connection therewith, the Company subscribed for such number of subordinated units as is equal to 25% of the capital raised in senior units issued in Fund II.

The Class G Senior Units rank pari passu to the existing Class A and Class F units and the senior units collectively earn an amount equal to the lesser of the (i) sum of 9.00% per month of the outstanding Investment Amount (the "Class A Return") and 10% per month of the outstanding Investment Amount (the "Class F Return") and 9.25% per month of the outstanding Investment Amount (the "Class G Return") or (ii) royalty payments received by Flow Capital from the Underlying Royalty Contracts will be paid to investors (collectively, the "Preferred Return").

Flow Capital Charitable Foundation, a not-for-profit corporation the directors and officers of which are also directors and officers of the Company, participated in the Transaction and, as such, the Transaction may constitute a related party transaction under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Transaction is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 by virtue of Section 5.5(b) of MI 61-101, and the minority shareholder approval requirements of Section 5.6 of MI 61-

101 by virtue of Section 5.7(1)(a) of MI 61-101 on the basis that (i) no securities of the Company are listed or quoted on the specified markets, and (ii) at the time the Transaction was agreed to, neither the fair market value of, nor the fair market value of the consideration for, the units subscribed for by Flow Capital Charitable Foundation exceeded 25% of the Company's market capitalization (as determined in accordance with MI 61-101).

The Transaction will not have an effect on the percentage of securities of the Company beneficially owned or controlled by Flow Capital Charitable Foundation or any director or officer of the Company.

In addition, the subscription by the Company subordinated units of Fund II constitutes a “downstream transaction” for the purposes of MI 61-101.

The terms of the Class G Units were negotiated with arm’s length investors. As a result, the board of directors of the Company determined that it was not necessary to establish a special committee in connection with the Transaction or the participation of Flow Capital Charitable Foundation or any director or officer of the Company in the Transaction as each such party disclosed its participation in the Transaction. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto, and the participation of any related party in the Transaction did not constitute a disclosable interest within the meaning of Section 147 of the *Business Corporations Act* (British Columbia).

The Company did not file this material change report more than 21 days prior to the closing of the Transaction as the details of the Transaction and the total amount to be invested by Flow Capital Charitable Foundation was not settled until shortly prior to the closing of the Transaction, and the Company wished to complete the Transaction on an expedited basis for sound business reasons.

In connection with a substantial issuer bid completed by the Company on October 16, 2019 (as disclosed in the press release issued by the Company on October 17, 2019), the Company obtained a valuation prepared by Evans & Evans, Inc. in respect of the common shares of the Company. A summary (and a copy) of the valuation is contained in the issuer bid circular of the Company dated August 29, 2019, which is available on the Company's SEDAR profile.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information, please contact Gaurav Singh, Chief Financial Officer, at Gaurav@flowcap.com.

9. Date of Report

August 10, 2021.